

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Mottville Township	County St. Joseph
Audit Date 6/30/2004	Opinion Date 9/17/2004	Date Accountant Report Submitted to State: 12/1/2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Jones' CPA Office			
Street Address 100 S. Washington St		City Constantine	State MI
Accountant Signature Shirley J Jones		ZIP 49042	

MOTTVILLE TOWNSHIP  
ST. JOSEPH COUNTY, MICHIGAN

OFFICIARY

Brenda Hagen	Supervisor
Ron Mann	Treasurer
Marcy Espinoza	Clerk
Millard Lantz (resigned June 10, 2004)	Trustee
Carl Kline	Trustee

Year Ended  
June 30, 2004

# MOTTVILLE TOWNSHIP

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# Jones' CPA Office

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## INDEPENDENT AUDITOR'S REPORT

Mottville Township Board  
St. Joseph County, Michigan

We have audited the accompanying general purpose financial statements of Mottville Township, St. Joseph County, Michigan, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of Mottville Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Mottville Township, St. Joseph County, Michigan, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 17 through 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office

*Shirley J. Jones*

Constantine, Michigan  
September 17, 2004

## Mottville Township Management's Discussion and Analysis

As the Mottville Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended June 30, 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

### Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 16. The statement regarding the budget is required supplementary information.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$579,524 at June 30, 2004. A portion of the Township's net assets (18%) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public, consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (5%) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is made up of \$11,364 for the Township Improvement Fund and \$15,000 for the Budget Stabilization Fund. The remaining balance of unrestricted net assets (77% or \$447,538) may be used to meet ongoing obligations to citizens. Since this is the first year of implementation of Government Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of government-wide data will be presented.

### Mottville Township's Net Assets

	<u>June 30, 2004</u>
Current assets	\$476,289
Noncurrent assets	27,270
Capital assets	<u>105,622</u>
Total assets	609,181
Less:	
Current liabilities	<u>(29,657)</u>
Invested in capital	105,622
Restricted	26,364
Unrestricted	<u>447,538</u>
Total net assets	<u>\$579,524</u>

Approximately 35% of the Township's total general revenue (\$178,380) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (58%) was from state revenue sharing. The largest expenditure was general government, which accounted for about 77% of the total expenditures. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Detailed Statement of Expenditures - General Fund, on pages 19-21.

## Mottville Township's Statement of Activities

June 30, 2004

Revenues:	
Program revenues:	
Charges for services	\$7,628
General revenues:	
Property taxes and IFT collections	42,689
Tax collection fee	14,706
Special assessments	5,203
State revenue sharing	103,506
Interest	9,114
Permits, fees, fines	525
Reimbursements	22
Miscellaneous	2,615
Total revenues	<u>186,008</u>
Expenditures:	
General government	109,202
Public safety	26,552
Public works	3,823
Township Improvement	2,816
Total expenditures	<u>142,393</u>
Change in net assets	43,615
Beginning net assets	<u>535,909</u>
Ending net assets	<u><u>\$579,524</u></u>

### Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$473,902. The difference between the combined fund balance and the net assets is \$105,622, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

### Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. The actual charges to expenditures in total were \$33,598 below the final budget amounts. Actual revenue exceeded budgeted revenue by \$33,108, with state revenue sharing accounting for more than half (56%) of that difference.

### Capital Assets

The Township had \$105,622 invested in capital assets (net of depreciation) as of June 30, 2004. Acquisitions for the year were \$23,665 and current year depreciation was \$6,426. Purchases included land, building improvements, and computer equipment. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

### Future Operations

Revenue is expected to decrease slightly for the fiscal year ending June 30, 2005 due to state revenue sharing which is expected to decrease by about \$5,000. Election expenses are expected to increase by about \$4,000 and building improvements to the new township hall are expected to be nearly \$80,000.



Mottville Township  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities:</u>			
	<u>General</u>	<u>Township</u>	<u>Budget</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Stabilization</u>	<u>Primary</u>
		<u>Fund</u>	<u>Fund</u>	<u>Government</u>
<b>ASSETS</b>				
Current assets:				
Cash	\$114,631	\$0	\$0	\$114,631
Investments	312,474	0	0	312,474
Due from tax collection account	17,935	0	0	17,935
Accounts receivable	4,885	0	0	4,885
Due from other funds	0	11,364	15,000	26,364
Total current assets	449,925	11,364	15,000	476,289
Noncurrent assets:				
Note receivable	27,270	0	0	27,270
Capital assets:				
Nondepreciable:				
Land	0	0	0	0
Depreciable (net of depreciation):				
Building and improvements	0	91,213	0	91,213
Furniture and fixtures	687	0	0	687
Computer equipment and software	3,706	0	0	3,706
Machinery and equipment	10,016	0	0	10,016
Total capital assets	14,409	91,213	0	105,622
Total noncurrent assets	41,679	91,213	0	132,892
Total assets	491,604	102,577	15,000	609,181
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	590	0	0	590
Due to other funds	26,364	0	0	26,364
Accrued payroll taxes	2,703	0	0	2,703
Total current liabilities	29,657	0	0	29,657
<b>NET ASSETS</b>				
Invested in capital assets	14,409	91,213	0	105,622
Restricted	0	11,364	15,000	26,364
Unrestricted	447,538	0	0	447,538
	<u>\$461,947</u>	<u>\$102,577</u>	<u>\$15,000</u>	<u>\$579,524</u>

See accompanying notes to financial statements.

Mottville Township  
Statement of Activities  
For the Year Ended June 30, 2004

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	Net (Expense) Revenue and <u>Changes in Net Assets</u>
			<u>Primary Governmental Activities</u>
Primary Government			
Governmental Activities:			
General government	\$109,202	\$1,475	(\$107,727)
Public safety	26,552	6,153	(20,399)
Highways and streets	3,823	0	(3,823)
Township Improvements	2,816	0	(2,816)
Total governmental activities	<u>\$142,393</u>	<u>\$7,628</u>	<u>(134,765)</u>
 General Revenues			
Taxes:			
Property taxes			39,547
IFT taxes			3,102
Delinquent personal property tax			40
Tax collection fee			14,706
Special assessments			5,203
State revenue sharing			103,506
Licenses and permits			525
Cemetery lot sales			2,055
Interest earned			9,114
Refunds and rebates			22
Miscellaneous			560
Total general revenues			<u>178,380</u>
 Changes in net assets			43,615
 Net assets - beginning of year			<u>535,909</u>
 Net assets - end of year			<u><u>\$579,524</u></u>

See accompanying notes to financial statements.

Mottville Township  
Balance Sheet - Governmental Funds  
June 30, 2004

	<u>General Fund</u>	<u>Township Improvement Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash	\$114,631	\$0	\$0	\$114,631
Investments	312,474	0	0	312,474
Due from tax collection account	17,935	0	0	17,935
Accounts receivable	4,885	0	0	4,885
Due from other funds	0	11,364	15,000	26,364
Total current assets	<u>449,925</u>	<u>11,364</u>	<u>15,000</u>	<u>476,289</u>
Noncurrent assets:				
Note receivable	<u>27,270</u>	<u>0</u>	<u>0</u>	<u>27,270</u>
Total assets	<u><u>\$477,195</u></u>	<u><u>\$11,364</u></u>	<u><u>\$15,000</u></u>	<u><u>\$503,559</u></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	590	0	0	590
Due to other funds	26,364	0	0	26,364
Accrued payroll taxes	<u>2,703</u>	<u>0</u>	<u>0</u>	<u>2,703</u>
Total liabilities	29,657	0	0	29,657
<b>FUND BALANCES</b>				
Restricted	0	11,364	15,000	26,364
Unrestricted	<u>447,538</u>	<u>0</u>	<u>0</u>	<u>447,538</u>
Total fund balances	<u>447,538</u>	<u>11,364</u>	<u>15,000</u>	<u>473,902</u>
Total liabilities and fund balances	<u><u>\$477,195</u></u>	<u><u>\$11,364</u></u>	<u><u>\$15,000</u></u>	<u><u>\$503,559</u></u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total fund balances - governmental	\$473,902
Capital assets used in government activities are not financial resources and therefore are not reported in the funds	<u>105,622</u>
Net assets of governmental activities	<u><u>\$579,524</u></u>

See accompanying notes to financial statements.

Mottville Township  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2004

	General Fund	Township Improvement Fund	Budget Stabilization Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$39,547	\$0	\$0	\$39,547
IFT taxes	3,102	0	0	3,102
Delinquent personal property tax	40	0	0	40
Tax collection fee	14,706	0	0	14,706
Special assessments	5,203	0	0	5,203
State revenue sharing	103,506	0	0	103,506
Licenses and permits	525	0	0	525
Cemetery lot sales	2,055	0	0	2,055
Charges for services:				0
Grave openings	1,475	0	0	1,475
Fire runs	6,153	0	0	6,153
Interest earned	7,367	1,747	0	9,114
Refunds and rebates	22	0	0	22
Miscellaneous	560	0	0	560
Total revenues	<u>184,261</u>	<u>1,747</u>	<u>0</u>	<u>186,008</u>
<b>EXPENDITURES</b>				
General government:				
Township board	33,136	0	0	33,136
Supervisor	11,171	0	0	11,171
Elections	53	0	0	53
Assessor	15,305	0	0	15,305
Clerk	12,080	0	0	12,080
Board of review	429	0	0	429
Treasurer	16,449	0	0	16,449
Building and grounds	8,000	0	0	8,000
Cemetery	8,969	0	0	8,969
Capital outlay	1,819	21,846	0	23,665
Total general government	<u>107,411</u>	<u>21,846</u>	<u>0</u>	<u>129,257</u>
Public safety:				
Fire protection	17,645	0	0	17,645
Planning and zoning	6,849	0	0	6,849
Enforcement officer	2,058	0	0	2,058
Total public safety	<u>26,552</u>	<u>0</u>	<u>0</u>	<u>26,552</u>
Highways and streets	<u>3,823</u>	<u>0</u>	<u>0</u>	<u>3,823</u>
Total expenditures	<u>137,786</u>	<u>21,846</u>	<u>0</u>	<u>159,632</u>
Excess (Deficiency) of revenues over (under) expenditures	46,475	(20,099)	0	26,376
Fund balance - beginning	<u>401,066</u>	<u>31,463</u>	<u>15,000</u>	<u>447,529</u>
Fund balance - ending	<u><u>\$447,541</u></u>	<u><u>\$11,364</u></u>	<u><u>\$15,000</u></u>	<u><u>\$473,905</u></u>

See accompanying notes to financial statements.

Mottville Township  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balances - Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$26,376
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Amounts reported for governmental activities in the statement of  
activities are different because of the following:

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities, the cost of those assets  
is allocated over their estimated useful lives as depreciation expense.  
This is the amount by which capital outlay (\$23,665) exceeded  
depreciation (\$6,426)

17,239
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Change in net assets of governmental activities
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<u>\$43,615</u>
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See accompanying notes to financial statements.

Mottville Township  
Statement of Assets and Liabilities  
Agency Fund - Tax Collections  
June 30, 2004

ASSETS

Cash

\$17,935

LIABILITIES

Due to township general fund

\$17,935

See accompanying notes to financial statements.

MOTTVILLE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire protection, ambulance service, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

A. REPORTING ENTITY

This report includes all funds of the Township. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Education services are provided to citizens through local school districts which are separate governmental entities. Fire service and road construction and maintenance are provided by or contracted to other local or county governmental units.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township has only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

#### 1. Governmental Funds:

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's general fund is used to account for all financial transactions of the Township not accounted for in another fund. Revenues are derived primarily from property taxes and state revenue sharing. The General Fund accounts for the general operating expenditures of the Township not recorded elsewhere.

Township Improvement and Budget Stabilization Funds - The Township Improvement fund is used to account for basically all capital expenditures related to improvements to or purchases of real property. The Budget Stabilization Fund has not had any activity in several years.

#### 2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.



The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

#### E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments - The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit.

2. Capital assets - Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 years
Building improvements	10 - 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years

3. Revenues - Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures - Expenditures are reported when the related liability is incurred.

#### F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is put into its own bank account and is earmarked for future purchases of capital assets generally relating to the purchase or improvement of real property.

## NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The June 2003 budget was proposed and adopted at the June 2003 meeting. The budget was amended several times during the year to prevent overruns in various accounts.

## NOTE III - ASSETS

### A. Cash and investments

The Township's deposits are held at four different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. The differences between the carrying amount and the bank balance is several outstanding checks, all of which cleared in the subsequent month.

- \* Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.
- \* Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.
- \* Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$322,023	\$322,023
Over FDIC Limit	<u>105,082</u>	<u>107,618</u>
Totals	<u>\$427,105</u>	<u>\$429,641</u>

### B. Receivables

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 31, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. The Township treasurer continues to collect the delinquent personal property taxes. The 2003 ad valorem taxes levied consisted of .9521 mills, for Township operating purposes and \$5,203 for special assessments on a total of 1,007 properties. The due from tax collection account is the amount in the tax savings and checking that belongs to the Township.

The accounts receivable represents tax dollars what were either overpaid to the county or underpaid on one of the properties in the Township. There is a question concerning the amount due from the property owner, which will be settled when documentation regarding the situation is received from the State of Michigan.

The note receivable is an amount due from a property owner for a major clean up job on the property. The Township initially paid for the clean up and is to be reimbursed by the property owner.

#### C. Change in capital assets

Current year depreciation expense was \$6,426. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$0	\$15,000	\$0	\$15,000
Depreciable assets:				
Buildings and improvements	105,369	6,846	0	112,215
Furniture and fixtures	6,570	0	0	6,570
Computer equipment/software	6,463	1,819	0	8,282
Other equipment	22,940	0	0	22,940
Total depreciable assets	141,342	8,665	0	150,007
Less accumulated depreciation:				
Buildings and improvements	33,186	2,816	0	36,002
Furniture and fixtures	5,768	114	0	5,882
Computer equipment/software	3,334	1,242	0	4,576
Other equipment	10,671	2,254	0	12,925
Total accumulated depreciation	52,959	6,426	0	59,385
Net depreciable assets	88,383	2,239	0	90,622
Net total capital assets	\$88,383	\$17,239	\$0	\$105,622

#### NOTE IV - LIABILITIES

The due to other funds represents money that is held in the General Fund checking account that belongs to the Township Improvement Fund (\$11,364) and the Budget Stabilization Fund (\$15,000). The interest earned by all bank deposits is split between the General Fund (85%) and the Township Improvement Fund (15%).

#### NOTE V - INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

Mottville Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - General Fund  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$42,000	\$42,000	\$39,547	(\$2,453)
IFT taxes	0	0	3,102	3,102
Delinquent personal property tax	0	0	40	40
Tax collection fee	10,000	10,000	14,706	4,706
Special assessments	2,800	2,800	5,203	2,403
State revenue sharing	85,000	85,000	103,506	18,506
Licenses and permits	200	200	525	325
Cemetery lot sales	1,500	1,500	2,055	555
Charges for services:				0
Grave openings	1,200	1,200	1,475	275
Fire runs	4,000	4,000	6,153	2,153
Interest earned	6,000	6,000	7,367	1,367
Refunds and rebates	0	0	22	22
Miscellaneous	200	200	560	360
Total revenues	<u>152,900</u>	<u>152,900</u>	<u>184,261</u>	<u>31,361</u>
<b>EXPENDITURES</b>				
General government:				
Township board	33,150	40,150	33,136	7,014
Supervisor	11,790	11,790	11,171	619
Elections	300	300	53	247
Assessor	17,820	17,820	15,305	2,515
Clerk	13,340	13,940	12,080	1,860
Board of review	875	885	429	456
Treasurer	17,740	18,685	16,449	2,236
Building and grounds	6,710	9,760	8,000	1,760
Cemetery	10,400	12,000	8,969	3,031
Capital outlay	100	2,100	1,819	281
Total general government	<u>112,225</u>	<u>127,430</u>	<u>107,411</u>	<u>20,019</u>
Public safety:				
Fire protection	20,000	20,000	17,645	2,355
Planning and zoning	7,400	7,400	6,849	551
Enforcement officer	4,000	4,000	2,058	1,942
Total public safety	<u>31,400</u>	<u>31,400</u>	<u>26,552</u>	<u>4,848</u>
Highways and streets	<u>4,200</u>	<u>4,400</u>	<u>3,823</u>	<u>577</u>
Total expenditures	<u>147,825</u>	<u>163,230</u>	<u>137,786</u>	<u>25,444</u>
Excess (Deficiency) of revenues over (under) expenditures	5,075	(10,330)	46,475	56,805
Fund balance - beginning	<u>401,066</u>	<u>401,066</u>	<u>401,066</u>	<u>0</u>
Fund balance - ending	<u><u>\$406,141</u></u>	<u><u>\$390,736</u></u>	<u><u>\$447,541</u></u>	<u><u>\$56,805</u></u>

See accompanying notes to financial statements.

Mottville Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - Township Improvement Fund  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	<u>\$0</u>	<u>\$0</u>	<u>\$1,747</u>	<u>\$1,747</u>
Total revenues	<u>0</u>	<u>0</u>	<u>1,747</u>	<u>1,747</u>
EXPENDITURES				
Capital outlay	<u>20,000</u>	<u>30,000</u>	<u>21,846</u>	<u>8,154</u>
Total expenditures	<u>20,000</u>	<u>30,000</u>	<u>21,846</u>	<u>8,154</u>
Excess (Deficiency) of revenues over (under) expenditures	(20,000)	(30,000)	(20,099)	9,901
Fund Balance - beginning	<u>31,463</u>	<u>31,463</u>	<u>31,463</u>	<u>0</u>
Fund Balance - ending	<u><u>\$11,463</u></u>	<u><u>\$1,463</u></u>	<u><u>\$11,364</u></u>	<u><u>\$9,901</u></u>

See accompanying notes to financial statements.

Mottville Township  
Detailed Statement of Expenditures - General Fund  
For the Year Ended June 30, 2004

GENERAL GOVERNMENT

Township Board:

Salary - Trustees	\$2,750
Payroll taxes	4,913
Legal fees	4,617
Audit fees	1,975
Community promotion	2,000
Insurance and bonds	12,193
Supplies	251
Miscellaneous	3,638
Printing and publishing	799
Mileage	0
Capital outlay	<u>800</u>

Total Township Board	33,936
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Supervisor:

Salary	11,040
Office supplies	81
Mileage	<u>50</u>

Total Supervisor	11,171
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Elections:

Fees	0
Supplies	53
Printing and publishing	0
Mileage	<u>0</u>

Total Elections	53
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Assessor:

Wages	13,020
Wages - land division administrator	1,200
Office supplies	698
Assessment roll preparation	387
Legal	0
Mileage	<u>0</u>

Total Assessor	15,305
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Clerk:

Salary	11,040
Salary - deputy clerk	405
Supplies	400
Mileage	145
Education and training	<u>90</u>

Total Clerk	12,080
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See accompanying notes to financial statements.

Mottville Township  
Detailed Statement of Expenditures - General Fund - Continued  
For the Year Ended June 30, 2004

Board of Review:

Fees	396
Supplies	33
Printing and publishing	0
Miscellaneous	0
	<hr/>

Total Board of Review	429
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Treasurer:

Salary	11,040
Salary - deputy treasurer	1,818
Office supplies	922
Tax roll preparation	1,866
Mileage	801
Miscellaneous	2
	<hr/>

Total Treasurer	16,449
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Building and Grounds:

Operating supplies	125
Telephone	555
Electricity	938
Heat	2,555
Building maintenance	382
Equipment	1,019
Contractual services	2,160
Equipment lease	1,285
	<hr/>

Total Building and Grounds	9,019
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Cemetery:

Grave openings	1,650
Salary - employees	2,979
Operating supplies	682
Electricity	243
Repairs and maintenance	1,000
Mowing and plowing	2,415
Capital outlay	0
	<hr/>

Total Cemetery	8,969
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Total General Government	107,411
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Mottville Township  
Detailed Statement of Expenditures - General Fund - Continued  
For the Year Ended June 30, 2004

PUBLIC SAFETY

Fire Protection:

Contractual services	17,645
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Planning and Zoning:

Salary	6,840
Office supplies	0
Professional services	0
Printing and publishing	0
Mileage	9
Land use ordinance	0
	0

Total Planning and Zoning	6,849
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Enforcement Officer:

Salary	1,608
Supplies	26
Mileage	420
Miscellaneous	4
	4

Total Enforcement Officer	2,058
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Total Public Safety	26,552
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HIGHWAYS AND STREETS

Contractual services	628
Streetlights	3,195
	3,195

Total Highways and Streets	3,823
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Total Expenditures	\$137,786
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Mottville Township  
Current Tax Collections Fund  
Statement of Cash Receipts and Disbursements  
For the Year Ended June 30, 2004

Cash balance - beginning	\$32,985
Cash receipts:	
Current tax collections	985,372
IFT collections	130,239
Administrative fee	15,004
County dog licenses	645
Interest earned	1,664
Miscellaneous	839
	<hr/>
Total cash receipts	1,133,763
	<hr/>
Total cash available	1,166,748
Cash disbursements:	
To county:	
Combined levies	666,980
Dog licenses	590
To school districts:	
Constantine	70,768
White Pigeon	253,027
Mottville Township	60,000
State of Michigan - IFT	96,609
Other	839
	<hr/>
Total cash disbursements	1,148,813
	<hr/>
Cash balance - ending	\$17,935
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See accompanying notes to financial statements.

## Jones' CPA Office

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Shirley J. Jones, CPA  
Amy M. Hall, Accountant

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To the Supervisor and Board  
Mottville Township  
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Mottville. We have audited the general purpose financial statements of the Township of Mottville, St. Joseph County, Michigan, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 17, 2004. We conducted our audit in accordance with generally accepted auditing standards. We will forward to the State of Michigan their required copies of the report.

Also, because of some difficulties encountered in reconciling the amounts collected for property taxes with the amounts deposited, we discussed with the treasurer ways to document that information more efficiently.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Jones' CPA Office

*Shirley J. Jones*

Constantine, Michigan  
September 17, 2004